

P-415, 421/CP-92-1010 ORDER FINDING SUFFICIENT TRAFFIC VOLUME AND
ADOPTING RATES FOR POLLING

1 BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Marshall Johnson	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner

In the Matter of a Petition for
Extended Area Service from
Kimball to St. Cloud

ISSUE DATE: January 20, 1994

DOCKET NO. P-415, 421/CP-92-1010

ORDER FINDING SUFFICIENT TRAFFIC
VOLUME AND ADOPTING RATES FOR
POLLING

PROCEDURAL HISTORY

On August 19, 1992, customers in the Kimball exchange filed a petition seeking extended area service (EAS) to the St. Cloud exchange. Kimball is served by the Melrose Telephone Company (Melrose); St. Cloud is served by US WEST Communications, Inc. (US WEST). There are 1,229 access lines in Kimball and 38,637 access lines in St. Cloud.

On March 2, 1993, the Commission issued its ORDER DETERMINING ADJACENCY AND TRAFFIC VOLUME AND REQUIRING FURTHER FILINGS.

On May 28, 1993, the Commission issued its ORDER DETERMINING BOUNDARY OF PETITIONED EXCHANGE AND REQUIRING FURTHER FILINGS. In that Order the Commission clarified the extent of the St. Cloud exchange. Because there had been some confusion regarding this issue at the time traffic studies were originally filed, the Commission ordered Melrose to refile traffic studies.

Amended traffic studies, cost studies and proposed rates were filed by Melrose and US WEST between July 12, 1993, and November 23, 1993.

On November 29, 1993, the Department of Public Service (the Department) filed its report and recommendation.

The Commission met to consider this matter on January 4, 1994.

FINDINGS AND CONCLUSIONS

Amended traffic studies filed by Melrose indicate that more than 50% of Kimball customers place one or more calls per month to St. Cloud. The EAS petition has therefore fulfilled the traffic volume requirement of Minn. Stat. § 237.161.

The companies submitted proposed rates using alternative cost allocations of 75%/25%, 60%/40%, and 50%/50%. The Department recommended adopting rates using a 75%/25% cost split because Kimball is the petitioning exchange and its customers thus have the opportunity to vote for or against EAS.

The Commission has stated in numerous Orders that it does not agree with the Department's reasoning regarding cost allocations. Minn. Stat. § 237.161 provides the Commission the discretion to set allocations of 50% to 75% for the petitioning exchange in a non-metro EAS petition. If the legislature had meant to set the allocation for petitioning exchanges in non-metro petitions at 75%, it would not have allowed the Commission a range of allocations in the EAS statute.

In this case, given the disparity in numbers of access lines between the petitioning and petitioned exchanges, the Commission will set the allocation at 50%/50%. In this set of facts, any higher allocation for the petitioning exchange would require petitioning customers to pay an unacceptably high portion of the EAS additive.

The petition process may now proceed towards the polling of Kimball customers to determine if a majority favor EAS to St. Cloud. The Commission requests Melrose Telephone Company to cooperate fully with Commission staff and contractors in preparing ballots on the basis of one ballot per access line.

ORDER

1. The Commission adopts a 50%/50% cost allocation for the Kimball/St. Cloud EAS petition, resulting in the following proposed rates:

KIMBALL

<u>Class of Customer</u>	<u>Proposed EAS Rate Additive</u>
Residence One Party	\$3.21
Residence One Party-Seasonal	3.21
Business One Party	4.81
Business PBX and Key	7.22
Semi-Public	4.81

ST. CLOUD

<u>Class of Customer</u>	<u>Proposed EAS Rate Additive</u>
Residence One Party	0.07
Residence Two Party	0.07
Business One Party	0.21
Trunk	0.27
Semi-Public	0.21

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)